

SUPPLEMENTAL DIRECT TESTIMONY  
OF  
STEPHEN UNDERWOOD  
ON BEHALF OF  
CENTRAL ILLINOIS LIGHT COMPANY  
DOCKET NO. 00-0437

OFFICIAL FILE

ILL. C. C. DOCKET NO. 00-0437  
CILCO EXHIBIT No. 2, 1

Q1. Please state your name and address.

Witness \_\_\_\_\_

A1. Stephen Underwood, 300 Liberty Street, Peoria, Illinois 61602  
Date 03/23/01 Reporter CB

Q2. Are you the same Stephen Underwood that previously submitted direct testimony in this proceeding?

A2. Yes, I am.

Q3. What is the purpose of your supplemental direct testimony?

A2. I will provide the supplemental information requested by the Hearing Examiner at the hearing on March 23, 2001. In that regard, I will provide the estimated completion dates for clean up at the two manufactured gas plant (MGP) sites not remediated. There is another site that has not been remediated, but CILCO's responsibility for that site has not been conclusively determined. I will also describe the Illinois Environmental Protection Agency ("IEPA") oversight, and I will describe Company's mechanism for recovery of coal tar costs.

Q5. What are the estimated completion dates for the Pekin site and the 1<sup>st</sup> and Washington site in Springfield?

A5. It is difficult for the Company to estimate with a high degree of accuracy the completion dates for these two sites because we are very early in the remediation process related to them. A remediation plan has not been completed for the Pekin site. Once completed, the plan needs the approval of the IEPA and current property owner. The final form of the plan will have a large impact on the estimated completion date. Based upon our

current information, the projected completion date for the Pekin site is estimated to be around the 4<sup>th</sup> quarter of 2002. Upon the completion of the Pekin site, CILCO would begin the investigation of the remediation that may be required by CILCO for the 1<sup>st</sup> and Washington site. At this time, any estimate for the completion of the 1<sup>st</sup> and Washington site would be speculation.

Q6. How is the IEPA involved in CILCO's MGP site work?

A6. The IEPA reviews, in detail, all phases of CILCO's MGP site work. The IEPA meets with CILCO as each phase of MGP site work is completed at each site to determine the appropriate next steps.

The first step CILCO undertakes in the remediation process is to complete an investigation of the site. After the site investigation work phase is completed, CILCO meets with the IEPA to review the results and discuss remediation objectives. A remediation plan is developed by CILCO and reviewed with the IEPA to assure an agreement is reached as to the plan's execution and objectives. After the site remediation is completed, the IEPA reviews the remedial action completion report. Based upon this report it is CILCO's objective to obtain from the IEPA a "No Further Remediation Letter." CILCO was successful in this regard with both the MacArthur Boulevard and the Persimmon Street sites as "No Further Remediation Letters" were issued for both.

CILCO's actions with regard to its MGP sites are performed in response to, in cooperation with and under the supervision of the IEPA. The IEPA's oversight of CILCO's MGP site investigation and remediation program remains in effect under the Tiered Approach to Corrective Action Objectives ("TACO") process, which I describe in my direct testimony.

Q7. Please describe the Company's methodology for recovery of coal tar costs?

A7. CILCO's current Rider TAR tariff, which became effective November 1, 1995, sets forth the Company's methodology for recovery of coal tar costs and is applied to all throughput of sales and gas transportation volumes, excluding "Rate 800 Contract Service," on a per therm basis. Costs under Rider TAR are projected annually and allocated to each applicable rate class based upon the respective estimated base rate revenue from each class. The coal tar costs of each class are then divided by the projected therms to be delivered to the class to determine Factor TAR to be billed to that class. There have been no material changes in CILCO's recovery mechanism since its inception.

Q8. Does this conclude your supplemental direct testimony?

A8. Yes, it does.